

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

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**Employer Identification Number:**

**Contact Person – ID Number:**

**Contact Telephone Number:**

**LEGEND**

UIL 4945.04-04

B = Name of State  
W=Name of community  
x = \$ Amount

Dear :

We have considered your request for advance approval of your grant-making programs under section 4945 (g)(1) of the Internal Revenue Code, dated June 29, 2010.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

The purpose of the program is to provide scholarships primarily to W males for higher education so they in turn will strengthen the W community in state, B. Your scholarships will be for students attending accredited schools that fall under IRS code section 170(b)(1)(A)(ii).

Potential applicants will be made aware of the scholarship through community contacts within the public school system.

The scholarship selection committee members are selected by your board because of their outstanding community service and because they are recognized leaders in the W community. The selection committee will consist of three independent community leaders. Your board will receive nominations for any additions or replacements to the scholarship selection committee but the foundation's board will retain the authority to approve any changes to the committee. Members of the selection committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others. A recipient can not be related to any member of the selection committee or a "disqualified person" in relation to you.

The selection criteria for the scholarship will include, but will not be limited to; the student's demonstrated academic ability and desire, character, good citizenship and economic circumstances.

The scholarship selection committee will determine if an application's qualification meet the criteria of the scholarship. All applicants will be required to submit a written essay

Name:

EIN:

explaining why the student believes that they are deserving of the award. Additionally, all applicants will be required to submit a recent official transcript from their high school or current higher education institution and a letter of recommendation from teachers, pastors or others adults that attest to their character and citizenship. Applicants will be encouraged to list any community awards or recognitions they have received in the past that demonstrate their good character and citizenship. Finally, applicants will be encouraged to submit financial information from their family. The selection committee will rank applicants on their merits and financial need and select the most deserving applications for awards.

The class of eligible recipients will include all W males in state B. You anticipate that you will receive hundreds of applications from the eligible pool but will award between ten to twenty scholarships every year that average about \$x per award.

The scholarship funds will be paid directly to the accredited educational institution ensuring that funds will be used for their intended purpose. You will notify each school in writing that the funds are restricted to tuition, books and class fees. In the event that scholarships funds have been found to be misused, you will withhold additional funds while an investigation takes place. In addition, you will contact the appropriate authorities, contact legal counsel, conduct an internal investigation and seek to recover any misused funds.

The scholarship will not be renewable and no commitment will be made beyond the initial award to the recipient. If the applicant wishes to pursue additional awards, he/she must reapply and repeat the initial application process.

In the event that a recipient stops, withdraws or leaves the school, you will withhold additional payments on behalf of the scholarships recipient. If the tuition can be refunded, you will seek a refund from the recipient's school under the school's normal terms of refunding educational payments.

You agree to keep and maintain records that include the information used to evaluate the qualifications of potential scholarship recipients, the identification of the scholarship recipient, the amount and purpose of the scholarship awarded, and all other reports and follow-up information obtained in administering the program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);

Name:  
EIN:

- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your scholarship program will be conducted as proposed with objectivity and nondiscrimination in awarding grants and loans, we determined that your procedures in awarding scholarship grants comply with the requirements of section 4945(g)(1) of the Code and that scholarships granted according to these procedures will not be “taxable expenditures” within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants or loans will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your grant-making procedures is a one-time approval of your system standards and procedures that will result in grants and loans which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to succeeding grant and loan programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) if the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all grant distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

Name:

EIN:

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner  
Director, Exempt Organizations  
Rulings and Agreements